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February 20, 1997

RECEIVED

FEB 20 1997

Federal Communications Commission
Office of Secretary

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street NW, Room 222
Washington, DC 20554

Re: Ex Parte Presentation -- MCI/BT Transfer of Control
GN Docket No. 96-245

Dear Mr. Caton:

On February 14, 1997, Chris Hobson, James E. Graf II, Graham Lamb and Peter McCarthy-Ward of BT, Jennifer Manner of MCI, and Anthony Epstein of Jenner and Block met with Kerry Murray, Robert Calaff, Joanna Lowry, and Jamie Hedlund of the International Bureau and with Kalpak Gude and Don Stockdale of the Common Carrier Bureau to discuss certain matters related to the merger of BT and MCI and the transfer of control application that is captioned above. Specifically, the parties discussed the UK interconnection regime and related matters. A copy of a slide presentation, "Interconnection in the UK," that was distributed at the meeting is attached.

An original and one copy of this notice are being submitted to the Secretary of the FCC, with additional copies to ITS, the International Reference Room, and

the Wireless Reference Room, in accordance with the Commission's December 10, 1996 Public Notice in this proceeding.

Sincerely,

A handwritten signature in black ink, appearing to read "Joan M. Griffin". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Joan M. Griffin
Its Attorney

cc: Robert Calaff
Joanna Lowry
Kalpak Gude
Don Stockdale
Kerry E. Murray
Jamie Hedlund

Interconnection in the UK

Graham Lamb

UK Interconnection Policy Manager

Regulatory Affairs Department

BT

Agenda

- ☐ **Principles Of Interconnection**
- ☐ **The Duopoly Era (1984-1991)**
- ☐ **After The Duopoly (1991-1995)**
- ☐ **Interconnection and Accounting Separation
“ICAS” (from 1995)**
- ☐ **Current/Future Developments**
 - ❖ **Network Charges from 1997**

The UK

❑ **93,000 square miles**

(cf Oregon 96,000)

❑ **56 m people** *(1991 census)*

(cf USA 250 m, California 28m)

❑ **\$16,000 GDP/Person**

(USA \$24,700)

❑ **616 persons/sq mile**

(USA 71, Massachusetts 651)

❑ **London - Edinburgh 400 miles**

Principles of Interconnection

- Obligation to Interconnect Systems**
 - ❖ Any to Any Message Conveyance**
 - ❖ Indirect Access**
 - ❖ Other Reasonable Requirements**
- Information & Network Provision**

WHAT IS INTERCONNECT?

- ❑ Connection of two telecom systems, under C.13, to enable “any to any” calls.
- ❑ Connection under C.13 only available to operators running Relevant Connectable Systems.
- ❑ Relevant Connectable Systems: systems run under individual licence authorising provision to the public, for reward, of message conveyance between the systems

Principles of Interconnection

- ❑ Cost Basis of Charges**

 - ❖ Fully Allocated Costs + Reasonable Return**

- ❑ Commercial Negotiation & Determination**

- ❑ Undue Preference & Discrimination**

The Duopoly Era (1984 - 1991)

- ❑ BT + 2 Fixed Link Operators**
- ❑ 2 Mobile Operators**
- ❑ Commercial Agreements with 3**
- ❑ MCL Determination 1985 (+88 & 89)**

After The Duopoly (1991-5)

- ☐ March 91 White Paper**

- ❖ Licence Applications On Merits**

- ☐ Increased Number of Players**

- ❖ December 96 : 200+ UK Licences**

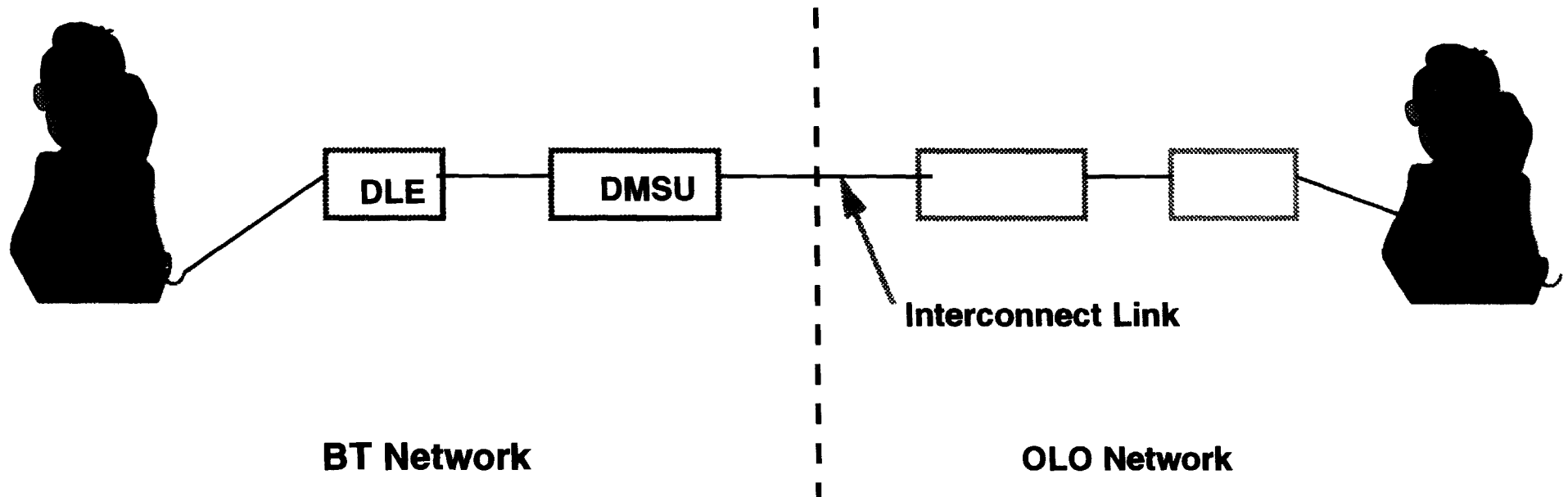
- ❖ January 97 : 47 International Facilities Licences**

- ☐ More Transparency and Clarity Needed**

- ❖ March '93 Publication**

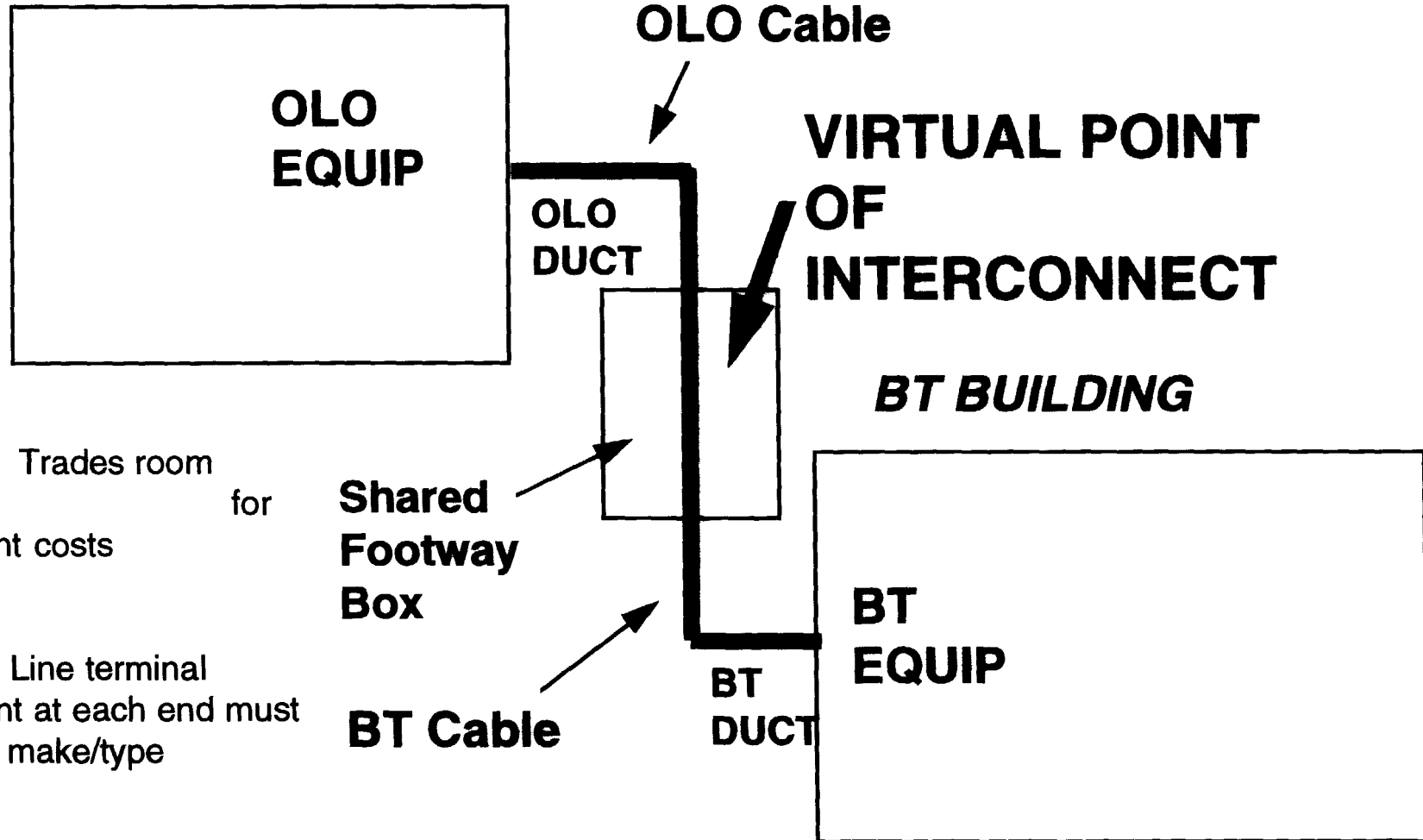
- ❖ Interconnection and Accounting Separation**

What is interconnect?



IN SPAN INTERCONNECT

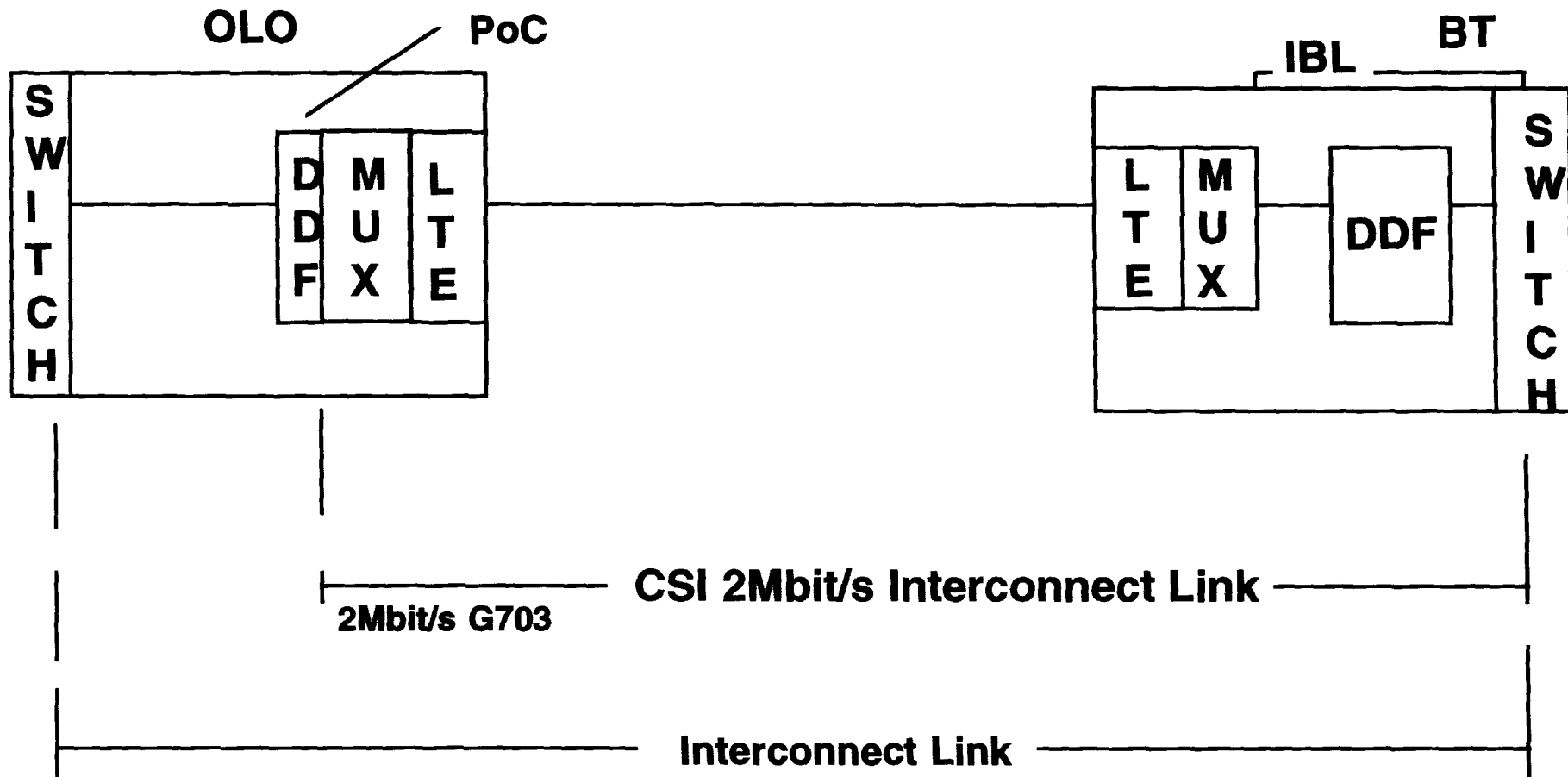
OLO BUILDING



NOTE 1: Trades room costs
for
equipment costs

NOTE 2: Line terminal equipment at each end must be same make/type

Customer-Sited Interconnect



After the Duopoly (1991-1995) Interconnection & Accounting Separation

☐ ICAS Principles

- ❖ Transparency**
- ❖ Efficient and Sustainable Charges**
- ❖ Not Unduly Discriminatory**
- ❖ Operator Confidence**

☐ Detailed Consultation & Work Programmes

Interconnection and Accounting Separation “ICAS” (from 1995)

- ☐ Effective from 31 March 1995**
- ☐ Standard Services**
- ☐ Quality**
- ☐ Separate Accounts**
- ☐ Discrimination & Subsidy**
- ☐ Pricing**
- ☐ Confidentiality**

“ICAS”

Standard Services

- ☐ **Standard Services have Standard Prices**
- ☐ **Payable by all operators**
- ☐ **Maximum Charge Determined by Oftel**
- ☐ **“Contemporaneousness”**
- ☐ **Transfer charge network component equality**
- ☐ **“Competitive Services”**

“Standard Services”

☐ 70+ Standard Services

☐ Conveyance

- ❖ Telephony/ISDN to BT Network**

- ❖ Transits**

- ❖ Outgoing IDD/ISDN**

- ❖ Access to BT's Freephone, Lo-call,
Premium Rate & National Call Services**

- ❖ Operator Assistance, DQ & Emergency**

“Standard Services - Inland Conveyance

- ❑ DLE Interconnect LE (*Local Exchange*)-----
RCU (*Remote Concentrator*) 0.451p**
- ❑ Single Tandem DMSU(*Digital Main Switching
Unit*)--LE--- RCU 0.666p**
- ❑ Double Plus Tandem DMSU-- DMSU--LE--RCU**
 - ❖ Different distance prices @ 0-100, 100-
200, and 200+ km 0.895p, 0.997p, 1.179p**

“Standard Services (cont)”

□ Interconnect Specific

- ❖ Customer Sited Interconnect**

- ❖ In Span Connection**

- ❖ Interconnection Extension Circuits**

□ Other

- ❖ Data Management Amendments, Access to/ and supply from Directory Database, Customised Phonebooks**

“ICAS” Quality

☐ Prohibition on Undue Preference and Undue Discrimination

❖ Not discriminate amongst operators or

❖ Between itself and other operators

☐ Published Quality Schedule

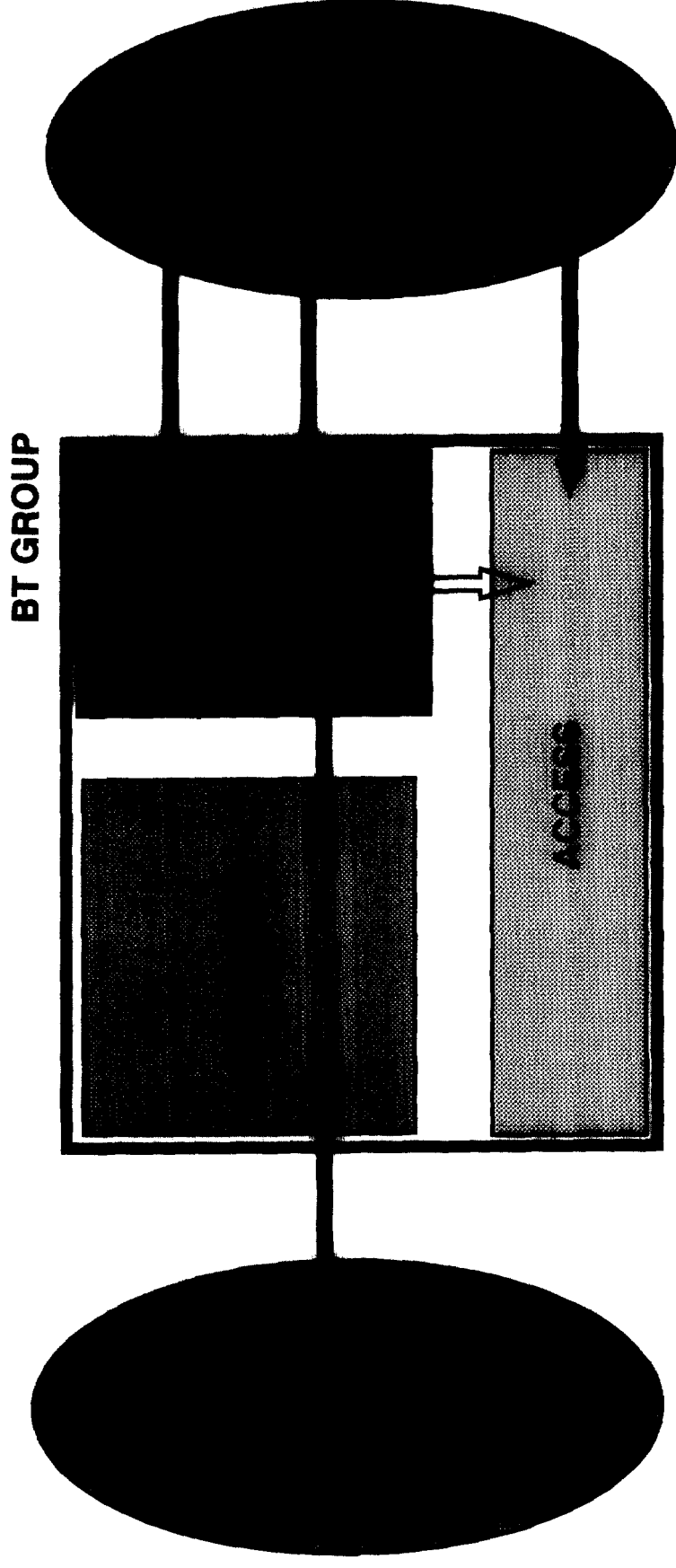
☐ Director General investigations

“ICAS”

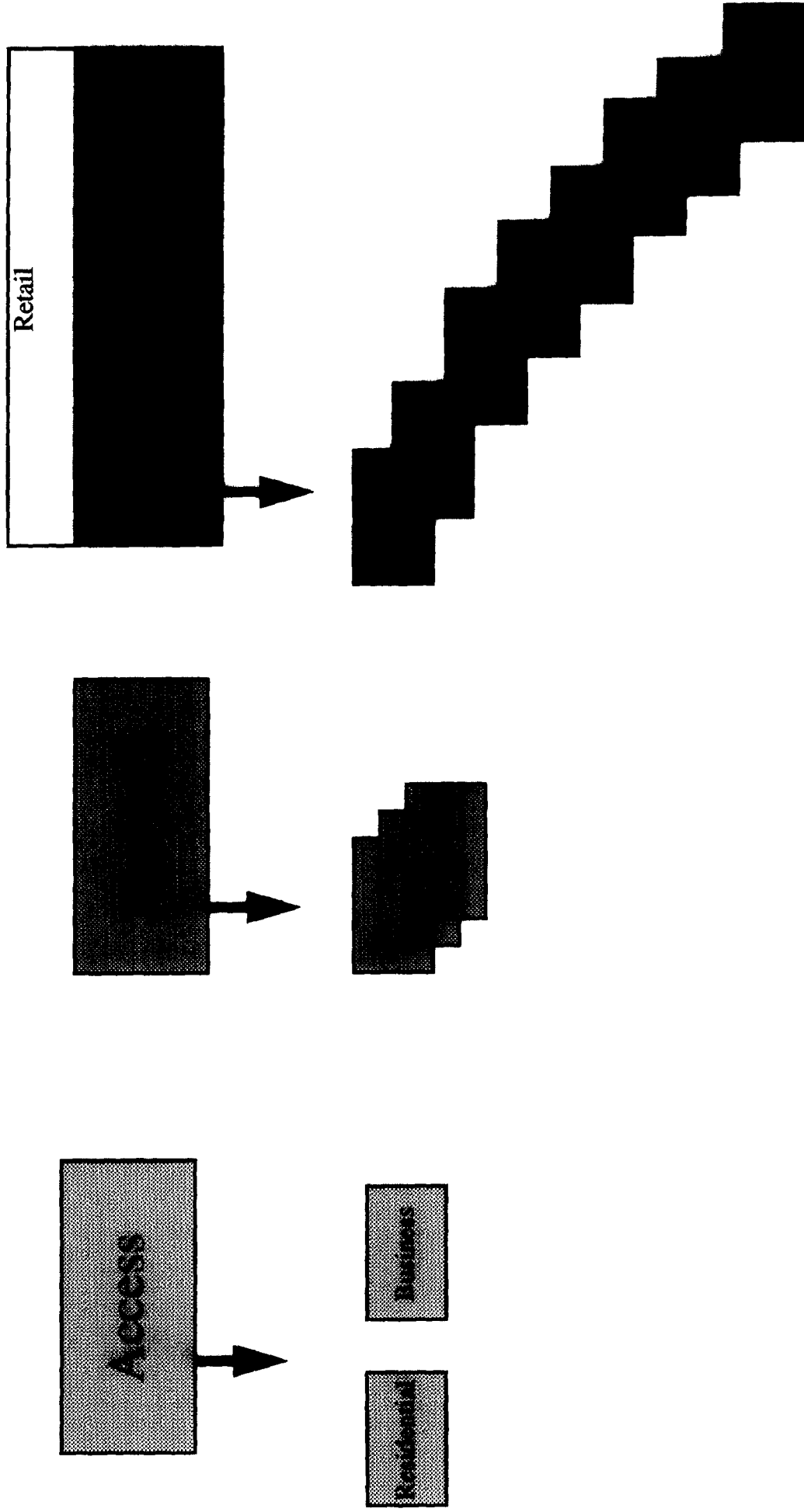
Separate Accounts

- ☐ **Access**
- ☐ **Network**
- ☐ **Retail Systems**
- ☐ **Supplemental Services**
- ☐ **Apparatus Supply**
- ☐ **Residual**

Outline of AS structure



Overview of the Businesses under AS



“ICAS”

Separate Accounts

- ☐ Financial Statements**
- ☐ Reconciled with Statutory Accounts**
- ☐ Audit**
- ☐ Publication**
 - ❖ Full Fiscal (historic) within 4 months of year end**
 - ❖ Full Fiscal (current) within 8 months of year end**
 - ❖ Half Year (historic) within 4 months of half year**

The Annual Cycle

